

**FIG. 1**

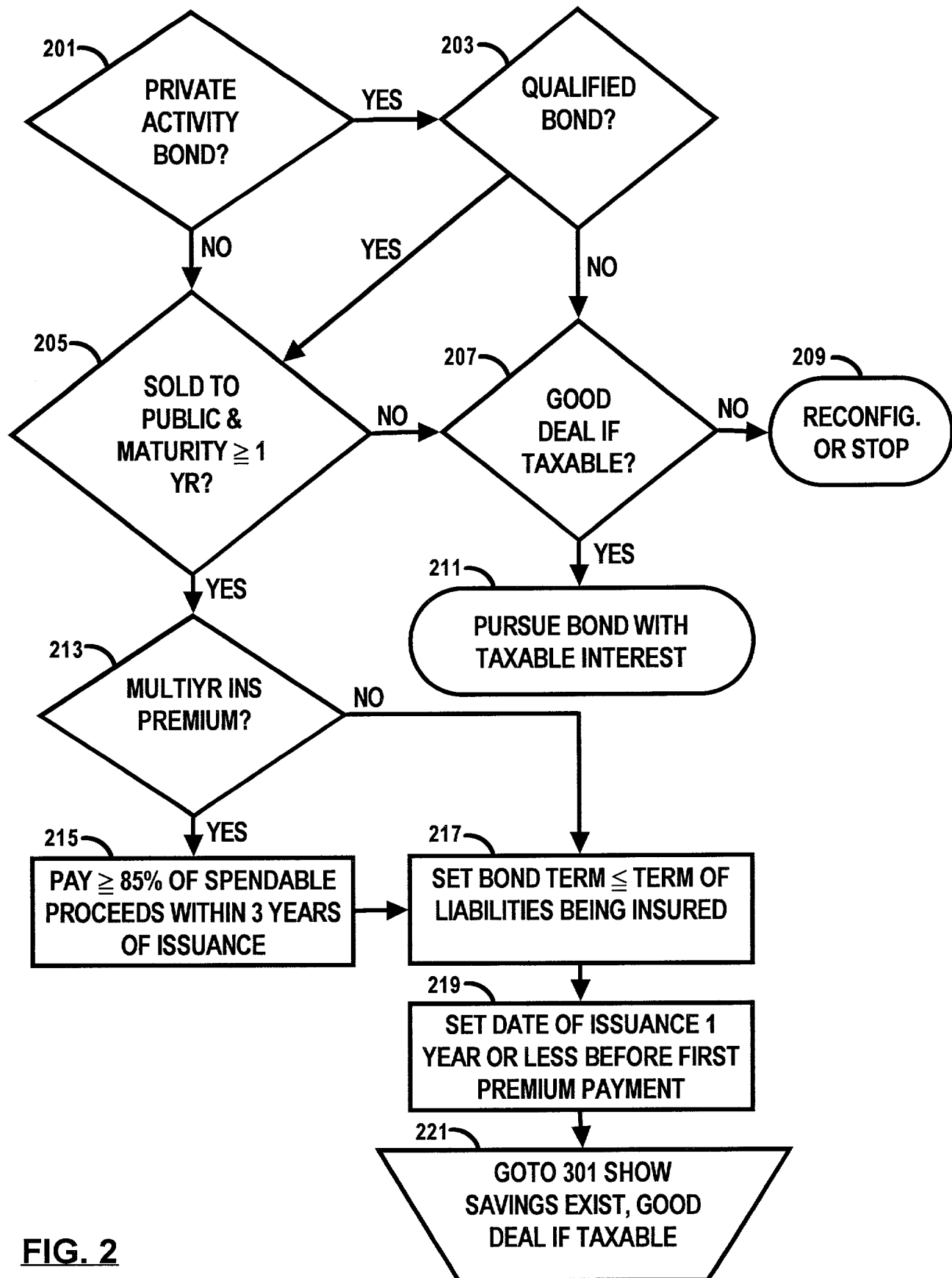
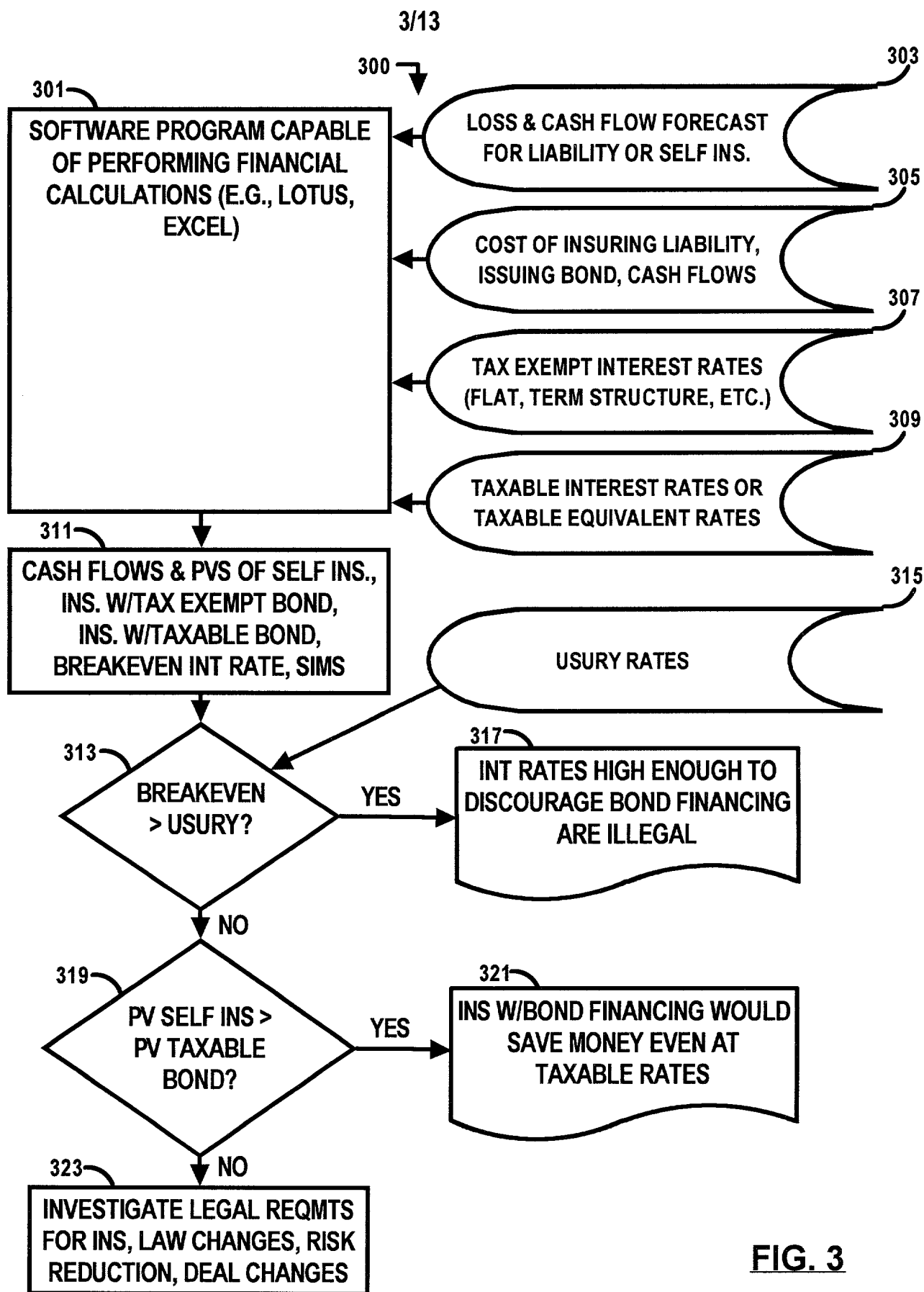


FIG. 2



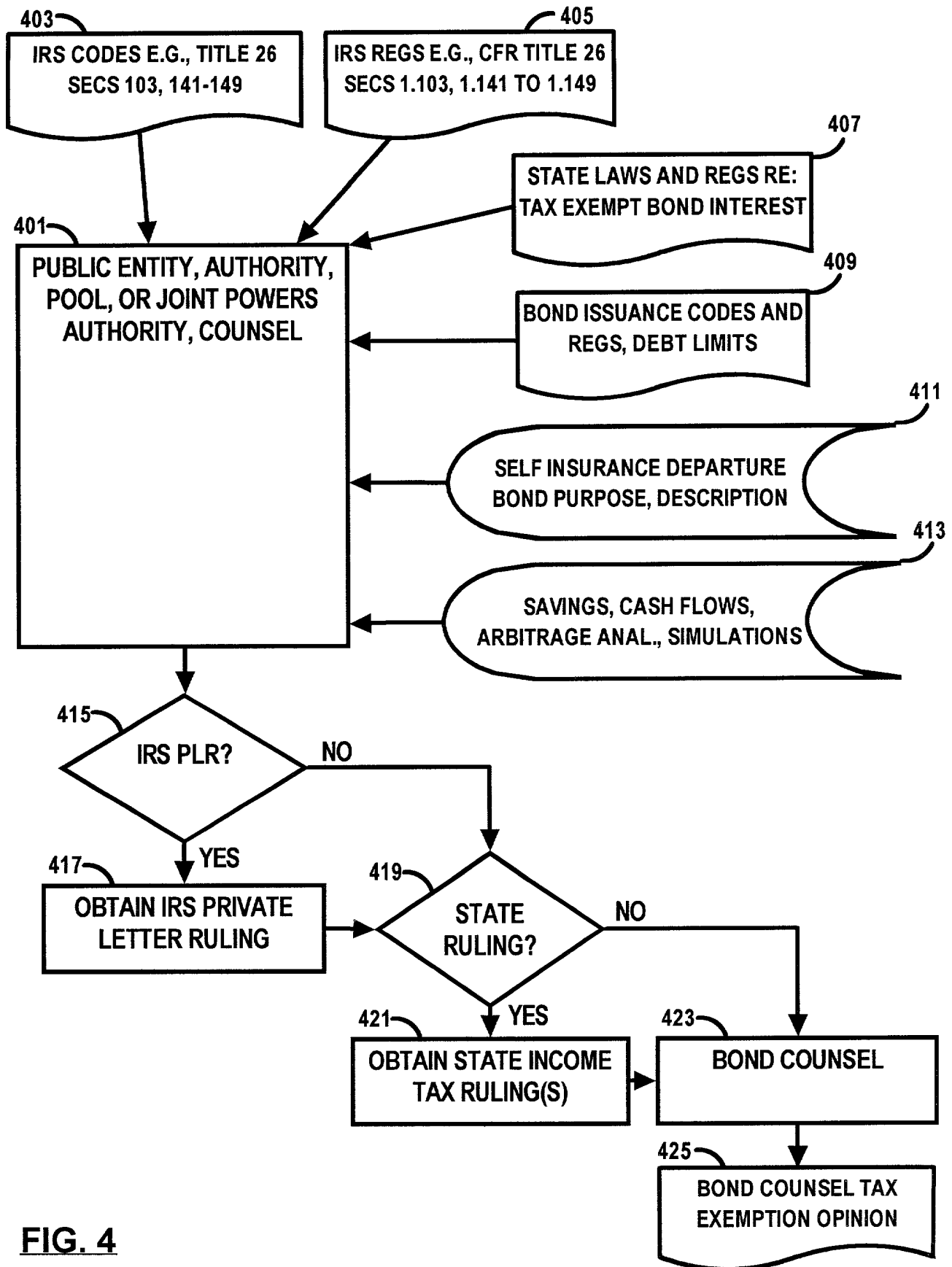
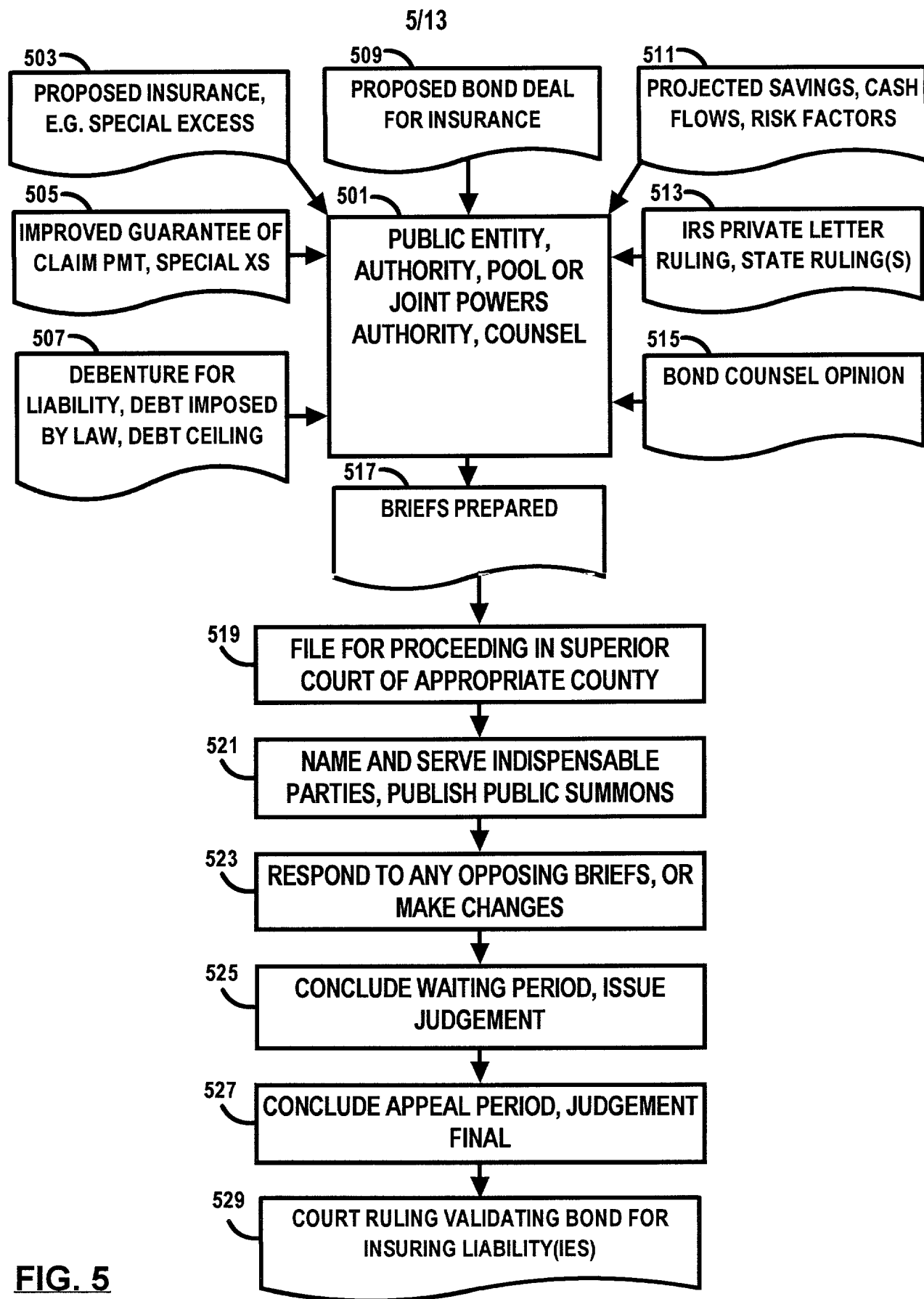
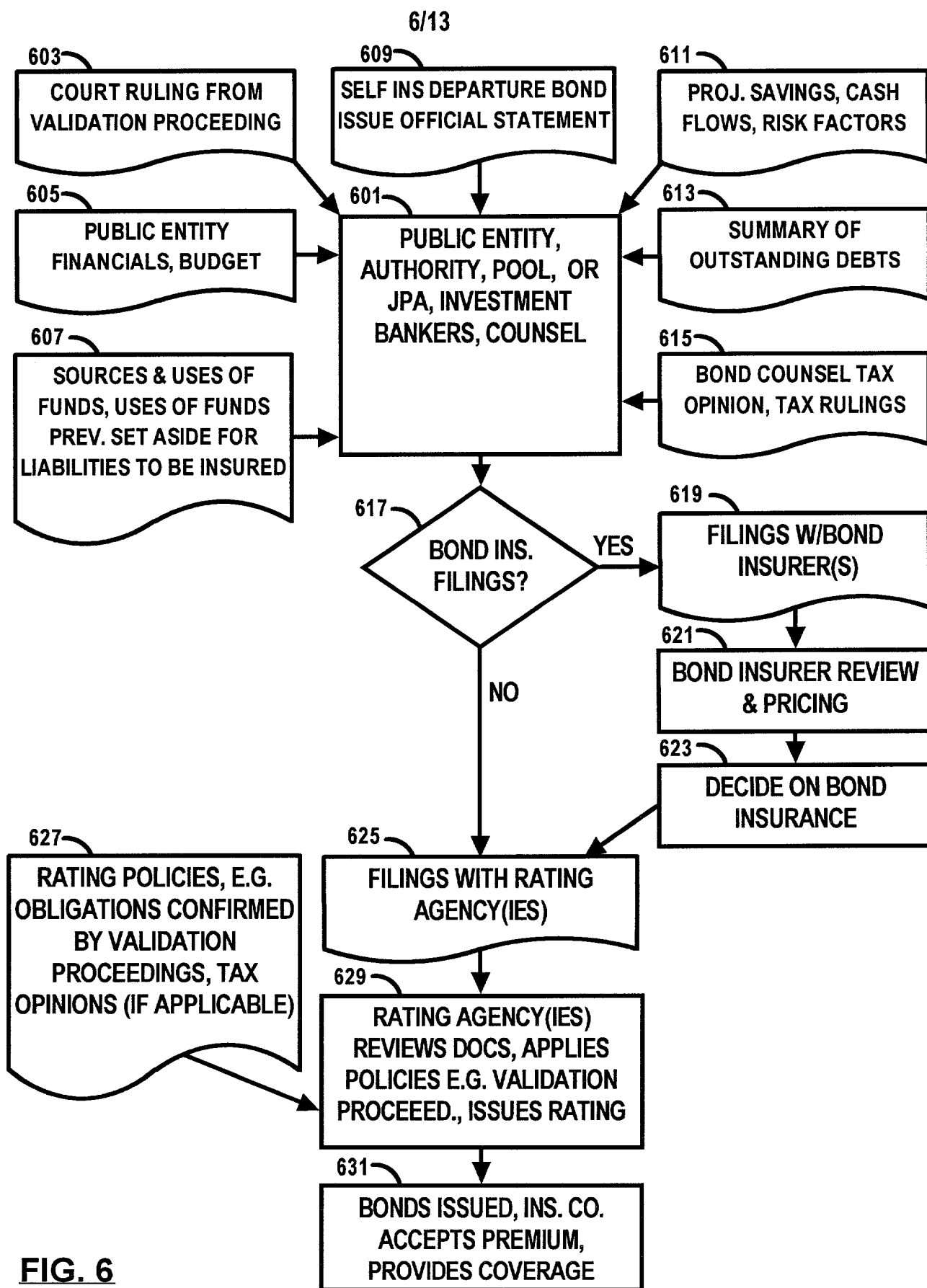


FIG. 4





**FIG. 6**

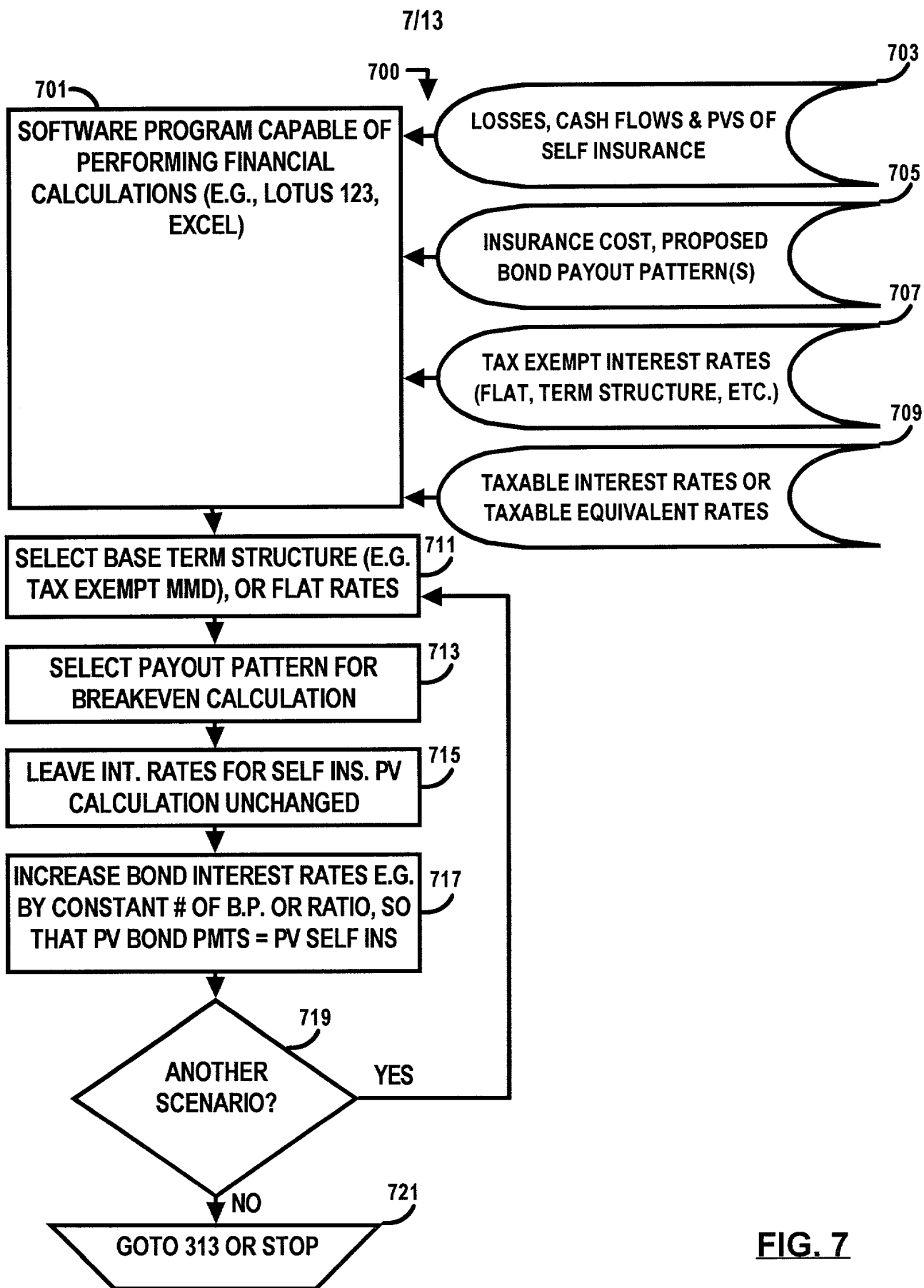
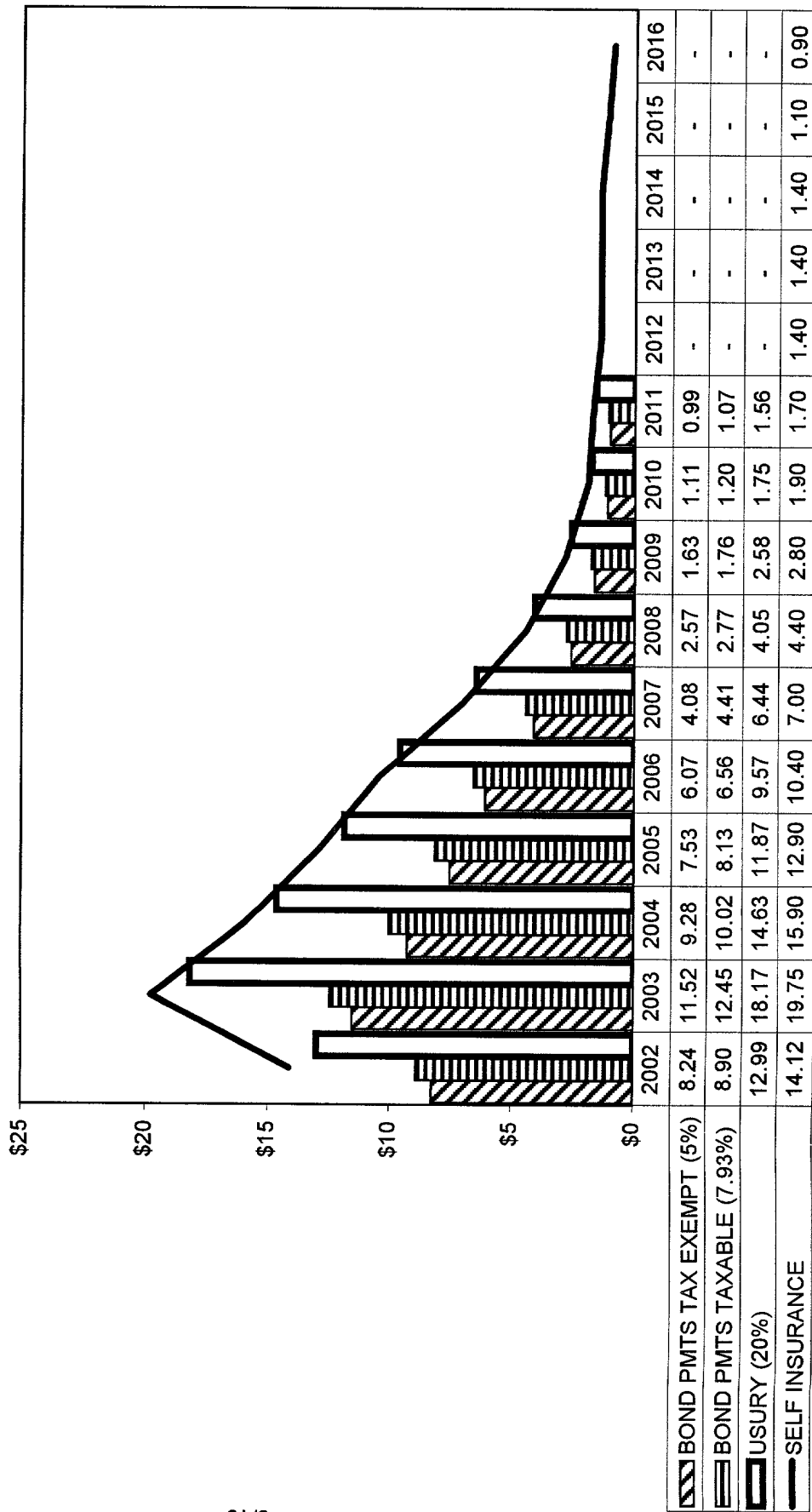


FIG. 7

FIG. 8. SAMPLE CITY CASH FLOWS FOR SELF INSURANCE AND INSURANCE (\$ MILLIONS)





**FIG. 9A**

			TAX EXEMPT RATE					
	ST. TAX	ST. + FED	3.00%	4.00%	5.00%	6.00%	7.00%	8.00%
	RATE	RATE (NET)	EQUIVALENT TAXABLE RATE					
AL	5.00%	33.98%	4.54%	6.06%	7.57%	9.09%	10.60%	12.12%
AK	0.00%	30.50%	4.32%	5.76%	7.19%	8.63%	10.07%	11.51%
AR	7.00%	35.37%	4.64%	6.19%	7.74%	9.28%	10.83%	12.38%
AZ	4.72%	33.78%	4.53%	6.04%	7.55%	9.06%	10.57%	12.08%
CA	9.30%	36.96%	4.76%	6.35%	7.93%	9.52%	11.10%	12.69%
CO	4.63%	33.72%	4.53%	6.03%	7.54%	9.05%	10.56%	12.07%
CT	4.50%	33.63%	4.52%	6.03%	7.53%	9.04%	10.55%	12.05%
DE	5.95%	34.64%	4.59%	6.12%	7.65%	9.18%	10.71%	12.24%
DC	9.30%	36.96%	4.76%	6.35%	7.93%	9.52%	11.10%	12.69%
FL	0.00%	30.50%	4.32%	5.76%	7.19%	8.63%	10.07%	11.51%
GA	6.00%	34.67%	4.59%	6.12%	7.65%	9.18%	10.71%	12.25%
HI	8.50%	36.41%	4.72%	6.29%	7.86%	9.44%	11.01%	12.58%
ID	7.80%	35.92%	4.68%	6.24%	7.80%	9.36%	10.92%	12.48%
IL	3.00%	32.59%	4.36%	5.81%	7.26%	8.71%	10.17%	11.62%
IN	3.40%	32.86%	4.47%	5.96%	7.45%	8.94%	10.43%	11.92%
IA	8.98%	36.74%	4.45%	5.93%	7.41%	8.89%	10.38%	11.86%
KS	6.45%	34.98%	4.61%	6.15%	7.69%	9.23%	10.77%	12.30%
KY	6.00%	34.67%	4.59%	6.12%	7.65%	9.18%	10.71%	12.25%
LA	6.00%	34.67%	4.59%	6.12%	7.65%	9.18%	10.71%	12.25%
ME	8.50%	36.41%	4.72%	6.29%	7.86%	9.44%	11.01%	12.58%
MD	4.80%	33.84%	4.53%	6.05%	7.56%	9.07%	10.58%	12.09%
MA	5.60%	34.39%	4.57%	6.10%	7.62%	9.15%	10.67%	12.19%
MI	4.20%	33.42%	4.51%	6.01%	7.51%	9.01%	10.51%	12.02%
MN	7.85%	35.96%	4.68%	6.25%	7.81%	9.37%	10.93%	12.49%
MS	5.00%	33.98%	4.54%	6.06%	7.57%	9.09%	10.60%	12.12%
MO	6.00%	34.67%	4.59%	6.12%	7.65%	9.18%	10.71%	12.25%
MT	11.00%	38.15%	4.85%	6.47%	8.08%	9.70%	11.32%	12.93%
NB	6.68%	35.14%	4.63%	6.17%	7.71%	9.25%	10.79%	12.33%
NV	0.00%	30.50%	4.32%	5.76%	7.19%	8.63%	10.07%	11.51%
NH	5.00%	33.98%	4.54%	6.06%	7.57%	9.09%	10.60%	12.12%
NJ	6.37%	34.93%	4.61%	6.15%	7.68%	9.22%	10.76%	12.29%
NM	7.90%	35.99%	4.69%	6.25%	7.81%	9.37%	10.94%	12.50%
NY	6.85%	35.26%	4.63%	6.18%	7.72%	9.27%	10.81%	12.36%
NC	7.75%	35.89%	4.68%	6.24%	7.80%	9.36%	10.92%	12.48%
ND	4.34%	33.52%	4.51%	6.02%	7.52%	9.02%	10.53%	12.03%
OH	5.94%	34.63%	4.59%	6.12%	7.65%	9.18%	10.71%	12.24%
OK	6.75%	35.19%	4.41%	5.88%	7.35%	8.82%	10.29%	11.76%
OR	9.00%	36.76%	4.74%	6.32%	7.91%	9.49%	11.07%	12.65%

**FIG. 9B ↓**

TAX EXEMPT RATE

**FIG. 9B**

	ST. TAX RATE	ST. + FED RATE (NET)	TAX EXEMPT RATE					
			3.00%	4.00%	5.00%	6.00%	7.00%	8.00%
			EQUIVALENT TAXABLE RATE					
PA	2.80%	32.45%	4.44%	5.92%	7.40%	8.88%	10.36%	11.84%
PR	0.00%	30.50%	4.32%	5.76%	7.19%	8.63%	10.07%	11.51%
RI	5.20%	34.11%	4.65%	6.20%	7.75%	9.31%	10.86%	12.41%
SC	7.00%	35.37%	4.64%	6.19%	7.74%	9.28%	10.83%	12.38%
SD	0.00%	30.50%	4.32%	5.76%	7.19%	8.63%	10.07%	11.51%
TN	6.00%	34.67%	4.59%	6.12%	7.65%	9.18%	10.71%	12.25%
TX	0.00%	30.50%	4.32%	5.76%	7.19%	8.63%	10.07%	11.51%
UT	7.00%	35.37%	4.64%	6.19%	7.74%	9.28%	10.83%	12.38%
VA	5.75%	34.50%	4.58%	6.11%	7.63%	9.16%	10.69%	12.21%
VT	4.74%	33.79%	4.63%	6.18%	7.72%	9.26%	10.81%	12.35%
WA	0.00%	30.50%	4.32%	5.76%	7.19%	8.63%	10.07%	11.51%
WV	6.50%	35.02%	4.62%	6.16%	7.69%	9.23%	10.77%	12.31%
WI	6.50%	35.02%	4.41%	5.88%	7.35%	8.82%	10.29%	11.75%
WY	0.00%	30.50%	4.32%	5.76%	7.19%	8.63%	10.07%	11.51%
FED RATE =		30.50%						

SINGLE TAXPAYER, \$100,000 GROSS INCOME, RATES AS OF 8/1/2001

TOTAL "B" TESTED

FIG. 10A

	TOTAL	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
1 SELF INSURANCE PAYMENTS	100,000,000	14,120,000	19,750,000	15,900,000	12,900,000	10,400,000	7,000,000
2 PRESENT VALUE FACTOR @ 5%		97.59%	92.94%	88.52%	84.30%	80.29%	76.46%
3 PRESENT VALUE	86,662,759	13,779,709	18,356,216	14,074,205	10,874,947	8,349,904	5,352,503

A INSURANCE WITH BOND FINANCING, 10 YEAR BOND TERM, EQUAL PAYMENTS, FLAT INTEREST

4 BOND PRINCIPAL = INS PREM + FEES	45,953,272						
5 PRINCIPAL & INTEREST @ 5%	58,785,731	5,878,573	5,878,573	5,878,573	5,878,573	5,878,573	5,878,573
6 PV BOND PRINCIPAL & INT @ 5%	45,953,272						
7 BREAK EVEN PRINCIPAL & INT	106,024,001	10,602,400	10,602,400	10,602,400	10,602,400	10,602,400	10,602,400
8 PV FACTOR @ 5%		96.41%	91.82%	87.45%	83.29%	79.32%	75.54%
9 PV BREAK EVEN PAYMENTS @ 5%	82,879,803	10,222,203	9,735,432	9,271,840	8,830,324	8,409,832	8,009,364
10 BOND INT RATE FOR BREAK EVEN		20.4228%	20.4228%	20.4228%	20.4228%	20.4228%	20.4228%

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B INSURANCE WITH BOND FINANCING, 10 YEAR BOND TERM, BOND PMTS AS A % OF SELF INSURED PMTS, TERM STRUCTURE

11 BOND PRINCIPAL = INS PREM + FEES	45,953,272						
12 TAX EXEMPT INTEREST RATE		4.28%	4.38%	4.41%	4.46%	4.51%	4.56%
13 PRINCIPAL & INT @ TAX EXEMPT RATE	53,022,866	8,239,054	11,524,173	9,277,689	7,527,181	6,068,425	4,084,517
14 TAX EXEMPT PMTS/SELF INS PMTS	58.35%						
15 PRINCIPAL & INT @ BREAK EVEN RATE	97,410,339	15,136,282	21,171,500	17,044,397	13,828,473	11,148,537	7,503,823
16 BREAK EVEN PMTS/SELF INS PMTS	107.20%						
17 PV FACTOR @ 5%		96.41%	91.82%	87.45%	83.29%	79.32%	75.54%
18 PV BREAK EVEN PAYMENTS	82,879,803	14,593,503	19,440,286	14,905,391	11,517,194	8,843,028	5,668,608
19 BREAK EVEN MULTIPLICATION FACTOR	6.8151784						
20 BOND INT RATES FOR BREAK EVEN		29.1690%	29.8505%	30.0549%	30.3957%	30.7365%	31.0772%

FIG. 10B

YEAR 7	YEAR 8	YEAR 9	YEAR 10	YEAR 11	YEARS 12 +
4,400,000	2,800,000	1,900,000	1,700,000	1,400,000	7,730,000
72.82%	69.36%	66.05%	62.91%	59.91%	48.94%
3,204,219	1,941,951	1,255,002	1,069,426	838,765	3,782,955
5,878,573	5,878,573	5,878,573	5,878,573	-	-
10,602,400	10,602,400	10,602,400	10,602,400	-	-
71.95%	68.52%	65.26%	62.15%	59.19%	
7,627,966	7,264,729	6,918,790	6,589,324	-	
20.4228%	20.4228%	20.4228%	20.4228%	20.4228%	
4.62%	4.68%	4.74%	4.80%	4.90%	
2,567,411	1,633,807	1,108,655	991,954	-	-
4,716,689	3,001,529	2,036,752	1,822,357	-	-
71.95%	68.52%	65.26%	62.15%	59.19%	
3,393,452	2,056,638	1,329,120	1,132,583	-	-
31.4861%	31.8950%	32.3039%	32.7129%	33.3944%	

FIG. 10A ↓

